

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7468**

**BILL NUMBER:** HB 1450

**DATE PREPARED:** Jan 4, 1999

**BILL AMENDED:**

**SUBJECT:** Town marshals in the 1977 pension fund.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that town marshals and deputy town marshals are members of the 1977 Police Officers' and Firefighters' Pension and Disability Fund. It provides that for purposes of a town marshal or deputy participating in the 1977 Fund, the local pension board consists of the town legislative body and a town marshal or deputy. The bill requires towns to amortize over ten years 50% of the amount necessary to fund the prior service liability of the town marshals and deputies. It increases Pretrial Diversion Fees and Deferred Prosecution Program Fees by ten dollars and transfers the additional revenue to the 1977 Fund to assist in funding the prior service liability of town marshals and deputies who become members of the 1977 Fund.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Currently, there are approximately 1,100 full time marshals in the state. The average years of service based on a survey of 115 marshals in 23 departments was eight years. For towns, there would be a cost of 21% of payroll of the town marshals. The town marshal would be required to contribute 6% of their salary toward the pension. In addition, there would be a cost to town if any past service is granted for town marshals.

Based on a 1996 municipal salary and fringe benefit data from the Indiana Association of Cities and Towns, the average salary of a town marshal and a deputy town marshal is approximately \$26,100. The estimated cost for the past service credit liability for each marshal would be \$43,848; that is  $\$26,100 \times .21 \times 8 = \$43,848$ , with each participating town contributing 21%, while each participating member would contribute 6%. If all 1,100 brought the eight years of past service liability and the approximately \$26,100 annual salary,

the total past service credit liability would be approximately \$48.2 million, that is  $\$43,848 \times 1,100 = \$48.2\text{M}$ . A ten year amortization of the \$48.2 million would be about \$6.6 million per year. The bill provides for towns to amortize one-half of the \$48.2 million, or \$24.1 million over ten years. This would amount to about \$3.3 million per year. The actual cost will depend upon the salary, the past service granted, and the number of marshals involved.

**Explanation of Local Revenues:** The proposal increases the monthly pretrial diversion fee and deferred prosecution fee by \$10 and transfers the additional revenue to the 1977 Police Officers and Firefighters' Fund. The revenue data available do not identify the number of participants on the program currently or the length of time they have participated. Therefore, no valid revenue projection can be made.

**State Agencies Affected:**

**Local Agencies Affected:** Those cities and towns who would now have the town marshals as participants in the 1977 Fund.

**Information Sources:** Doug Todd of McCready & Keene, Inc., actuaries for the 1977 Police Officers and Firefighters' Fund, 576-1508.